

**Effective 5/13/2014**

**31A-42-202 Contents of plan.**

- (1) The board shall submit a plan of operation for the risk adjuster to the commissioner. The plan shall:
  - (a) establish the methodology for implementing:
    - (i) Subsection (2) for the defined contribution arrangement market established under Chapter 30, Part 2, Defined Contribution Arrangements; and
    - (ii) the participation of small employer group defined contribution arrangement health benefit plans;
  - (b) establish regular times and places for meetings of the board;
  - (c) establish procedures for keeping records of all financial transactions and for sending annual fiscal reports to the commissioner;
  - (d) contain additional provisions necessary and proper for the execution of the powers and duties of the risk adjuster; and
  - (e) establish procedures in compliance with Title 63A, Utah Administrative Services Code, to pay for administrative expenses incurred.
- (2)
  - (a) The plan adopted by the board for the defined contribution arrangement market shall include:
    - (i) parameters an employer may use to designate eligible employees for the defined contribution arrangement market; and
    - (ii) underwriting mechanisms and employer eligibility guidelines:
      - (A) consistent with the federal Health Insurance Portability and Accountability Act; and
      - (B) necessary to protect insurance carriers from adverse selection in the defined contribution market.
  - (b) The plan required by Subsection (2)(a) shall outline how premium rates for a qualified individual in the defined contribution arrangement market are determined, including:
    - (i) the identification of an initial rate for a qualified individual based on:
      - (A) standardized age bands submitted by participating insurers; and
      - (B) wellness incentives for the individual as permitted by federal law; and
    - (ii) the identification of a group risk factor to be applied to the initial age rate of a qualified individual based on the health conditions of all qualified individuals in the same employer group and, for small employers, in accordance with Sections 31A-30-105 and 31A-30-106.1.
  - (c) The plan adopted under Subsection (2)(a) for the defined contribution arrangement market shall outline how:
    - (i) premium contributions for qualified individuals shall be submitted to the Health Insurance Exchange in the amount determined under Subsection (2)(b); and
    - (ii) the Health Insurance Exchange shall distribute premiums to the insurers selected by qualified individuals within an employer group based on each individual's rating factor determined in accordance with the plan.
  - (d) The plan adopted under Subsection (2)(a) shall outline a mechanism for adjusting risk between defined contribution arrangement market insurers that:
    - (i) identifies health care conditions subject to risk adjustment;
    - (ii) establishes an adjustment amount for each identified health care condition;
    - (iii) determines the extent to which an insurer has more or less individuals with an identified health condition than would be expected; and
    - (iv) computes all risk adjustments.
  - (e) The board may amend the plan if necessary to:

- (i) maintain the proper functioning and solvency of the defined contribution arrangement market and the risk adjuster mechanism;
  - (ii) mitigate significant issues of risk selection; or
  - (iii) improve the administration of the risk adjuster mechanism.
- (3) The board shall establish a mechanism in which the defined contribution arrangement market participating carriers shall submit their plan base rates, rating factors, and premiums to the commissioner for an actuarial review under Section 31A-30-115 before the publication of the premium rates on the Health Insurance Exchange.

Amended by Chapter 290, 2014 General Session

Amended by Chapter 300, 2014 General Session